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March 8, 2022

Ms. A. Shonta Dunston
 Chief Clerk
 North Carolina Utilities Commission
 430 N. Salisbury Street
 Raleigh, NC 27603

Via Electronic Submittal

**Re: In the Matter of Old North State Water Company, LLC's
 Application for General Rate Increase
 Docket No. W-1300, Sub 60
 Settlement Testimony of John McDonald**

Dear Ms. Dunston:

Attached please find the Settlement Testimony of John McDonald in the above-referenced matter and docket.

The Testimony will be provided to all parties of record, the NC Utilities Commission Staff and NC Public Staff. Sixteen (16) additional copies of the Testimony will be hand delivered to the Clerk's Office immediately following the electronic filing.

If you should have any questions concerning this filing, please let me know. Thank you and your staff for your assistance.

Sincerely,
/s/ David T. Drooz
 David T. Drooz
 Attorney for
 Old North State Water Company, LLC

pbb
 Enclosures

cc: All parties of record

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Minnesota Nevada
 New Jersey New York North Carolina Pennsylvania South Carolina Texas Virginia Washington

NORTH CAROLINA UTILITIES COMMISSION

RALEIGH

DOCKET NO. W-1300, SUB 60

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

IN THE MATTER OF APPLICATION BY OLD NORTH STATE WATER
COMPANY, LLC FOR AUTHORITY TO ADJUST AND INCREASE RATES FOR
PROVIDING WATER UTILITY SERVICE IN ALL ITS SERVICE AREAS IN
NORTH CAROLINA

SETTLEMENT TESTIMONY

OF

JOHN MCDONALD

ON BEHALF OF

OLD NORTH STATE WATER COMPANY, LLC

March 8, 2022

Q. PLEASE STATE FOR THE RECORD YOUR NAME, POSITION WITH OLD NORTH STATE WATER COMPANY, LLC, AND YOUR BUSINESS ADDRESS.

A. My name is John McDonald, and I am the Managing Member of Old North State Water Company (ONSWC). My business address is 3212 6th Avenue South, Suite 200, Birmingham, AL 35222.

Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?

A. The purpose of this testimony is to support the Joint Settlement Agreement and Stipulation filed in this docket on March 8, 2022.

Q. DO YOU HAVE ANY SETTLEMENT EXHIBITS?

A. No, but ONSWC will be filing a late-filed exhibit to update rate case expense through the close of the proceeding. The Public Staff has agreed to an update of rate case expense, and they will likely want to review and comment on the numbers in the exhibit.

Q. DO YOU HAVE ANY GENERAL STATEMENTS TO MAKE ABOUT THE SETTLEMENT WITH THE PUBLIC STAFF?

A. Yes. ONSWC made some concessions in the course of reaching settlement, as did the Public Staff. While the Company would take different positions if the case was going to be litigated, the Joint Settlement Agreement and Stipulation represents a reasonable outcome provided that all the settlement provisions are considered together. I very much appreciate the Public Staff's willingness to work with us in achieving a settlement.

Q. THE SETTLEMENT AGREEMENT MENTIONS A COMMITMENT BY INTEGRA WATER, LLC. WILL YOU EXPLAIN THAT COMMITMENT?

A. Yes. As noted in my rebuttal testimony, Integra is the source of financing for ONSWC. I have the authority to commit Integra to continuing to finance the capital needs of ONSWC,

and I do make that commitment. As a practical matter, ONSWC is on sound footing for its financial needs.

In conjunction with that financing commitment, the Public Staff has agreed to withdraw its recommendation for an infusion of equity to create an actual capital structure of 50% debt and 50% equity, and has agreed to withdraw its recommendation of audited financial statements.

Q. DOES THIS COMPLETE YOUR SETTLEMENT TESTIMONY?

A. Yes, it does.